

## TAX CREDITS: JOB CREATION TAX CREDIT

The program provides a refundable tax credit against a company's Ohio Commercial Activity Tax (CAT) or an individual's Ohio personal income tax. The tax credit typically ranges from 50% to 75% for 5 to 10 years, and is granted by Ohio Job Creation Tax Credit Authority. A company must create at least 25 new full-time jobs to be eligible to receive the tax credit, which is based on the state income tax withheld from the new employees.

### Sample Calculation Assumptions

- 25 new full-time employees
- \$35,000 average annual payroll per employee
- Salaries are paid once per month (withholding is calculated on this basis)
- Average employee exemptions claimed are "1"
- 50% credit for 5 years is granted

Annual Withholding Tax Per Employee	\$ 1,416*
x Total Number of Full-Time Employees	x 25
= Total Employee Withholding Tax	\$ 35,400
x Percentage of Tax Credit	x .50
= CAT Tax Credit/Rebate	\$ 17,700
x Maximum Term of Credit (years)	x 5
= <b>Total Tax Credit/Rebate</b>	<b>\$ 88,500</b>
<b>(for 5 Year Term)</b>	

\* (\$118 withheld per month x 12 months = \$1,416)

Whether the Tax Credit for job creation is a tax credit or a rebate depends on how much state business tax the company owes. If the business tax is greater than the tax credit, then the incentive is in the form of a tax credit. If the business tax is less than the tax credit, then the incentive is a rebate, i.e. the amount of the difference is given to the company as a grant.

For more information:

State of Ohio Department of Taxation

[www.state.oh.us](http://www.state.oh.us) (link to "Forms")

Business Taxpayer Assistance – (888) 405-4039

State of Ohio Department of Development, Office of Tax Incentives

<http://www.odod.state.oh.us/EDD/jctc/>

Office of Tax Incentives – (800) 848-1300

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